

## Do education tax credits scholarships provide opportunity?

**No. Privatization advocates have created tax credit programs because school vouchers are unpopular. These programs are a way to get around prohibitions against using public dollars for religious schools which often discriminate on the basis of religion, gender preference, disciplinary history, or ability level.**

### **This is why**

**Education tax credit programs don't enable families to choose better schools.** Parents often opt for private schools – many that are religion-based – that don't perform academically as well as public schools. The amounts of money paid out to families from these programs rarely cover the full cost of private school tuition. Poor families can't make up the difference, especially to high quality private schools, so substandard privates are being subsidized.

**Education tax credit programs worsen segregation.** Both private and religion-based schools that can receive tax credit money often discriminate on the basis of religion, gender preference, disciplinary history, or ability level.

**Education tax credit programs don't provide escape routes from “failing” public schools.** Students who use the programs often transfer out of better performing schools, and those students don't perform any better academically than how they performed before their transfer.

**Education tax credit programs may discourage charitable giving to worthier causes.** Tax credits often provide a dollar-for-dollar reduction of income tax liability, while tax deductions lower taxable income by only the percentage of your marginal tax bracket. Getting a tax credit by donating to a fund for private schools would be far more beneficial as a tax deduction than giving to other charitable causes. This scheme favors one charity—sending students to private schools—more

than others such as children's hospitals, Veterans' organizations, cancer research and other worthy charitable organizations.

### **Look at the facts**

In **Georgia**, a popular tax credit program allows public money to be used for tuition at more than 100 private schools that refuse to enroll gay, lesbian, or bisexual students.<sup>1</sup>

In **Pennsylvania**, families can receive money for private school even if they earn more than \$72,000. Some of the state's most prestigious and expensive private schools qualify for the tax-funded program.<sup>2</sup> An additional \$15,270 allowed for each dependent member of the household makes it possible for a family of four to earn \$106,890 and still qualify. State law prohibits collecting socio-economic and academic data about scholarship recipients and their families, so there is no tracking of whether or not the scholarships go to students living in poverty and there is no data to demonstrate the positive or negative impact of the programs on student achievement.<sup>3</sup>

An education tax-credit program in **Arizona** costs the state over \$140 million a year, and designates only about 3% of the money to special-needs students and 32% to “low income” families.<sup>4</sup> School districts with higher percentages of students eligible for free or reduced price lunch received less money per pupil from the program.<sup>5</sup>

*(continued)*



Only 25% of students using **Florida's** tax credit scholarship program are transferring out of the state's lowest performing schools, rated D or F by the state. Only 10% of the students using the program end up performing better on standardized tests, gaining over twenty percentile points. Fourteen percent lose more than twenty percentile points. Students who struggle the most academically in public schools tend to struggle in private schools, too. They are more likely to return to public schools, and when they do, they tend to perform less well than their peers who never participated in the program.<sup>6</sup>

Eighty-two percent of the families using **Florida's** tax credit program use it to transfer their children to religious schools.

The scholarships are not limited to the poorest families. A family of four can earn as much as \$48,600 and qualify for a full scholarship, and \$63,180 for a partial scholarship.<sup>7</sup>

A **national study** comparing public school academic performance to private school performance found that, after accounting for demographic factors, public school math achievement equaled or surpassed math achievement at private school in grades 4 and 8 on the National Assessment of Education Progress. Even though public school students started kindergarten with lower math achievement than demographically similar private school students, by the time they reached the 5th grade, they were outperforming their private school peers.<sup>8</sup>

WHAT PRIVATIZERS BELIEVE	WHAT WE BELIEVE
Education tax credit scholarships offer parents greater educational choice.	Many parents receiving tax credit scholarships can already afford private school and should pay their own way.
Education tax credit scholarships empower parents to have access to quality educational options that are otherwise out of reach.	Private schools on average do not perform better academically than public schools.
Education tax credit scholarships ensure that children are no longer trapped in schools that are not meeting their needs.	Education tax credit scholarships don't target the neediest students and the most academically struggling schools.
Education tax credit scholarships level the playing field for under-served families.	Education tax credit scholarships send public money to private schools that can discriminate based on race, gender, ability, or religion.

## Bottom Line

Redirecting taxpayer money from public education to private schools does little to increase education opportunities, especially for low-income families. Because the amount of scholarship money rarely covers the cost of tuition at the best private schools, the money subsidizes sub-standard private schools that have less accountability than public schools, discriminate against students, and on average, do not provide children with better education opportunities.

<sup>1</sup> "Backed by State Money, Georgia Scholarships Go to Schools Barring Gays," Kim Severson Jan, The New York Times, January 20, 2013.

<sup>2</sup> "KYW Regional Affairs Council: 'Public Money, Private Schools,'" Pat Loeb, CBS Channel 3/KTW 1060, Philadelphia, PA, November 8, 2012.

<sup>3</sup> "Myth busting the \$125 million private and religious school scholarship tax credits in the EITC/OSTC programs: Lots of \$\$\$ with no fiscal or academic performance accountability," Education Voters of Pennsylvania.

<sup>4</sup> "Arizona private-school families cash in on state's tax-credit program," Alia Beard Rau, The Republic.

<sup>5</sup> "Do education tax credits improve equity?" (Doctoral dissertation), Paul Louis Melendez, (2009).

<sup>6</sup> "Evaluation of the Florida Tax Credit Scholarship Program Participation, Compliance and Test Scores in 2014-15," Zahid Kisa, Melissa Dyehouse, Toby Park, Brian Andrews-Larson, and Carolyn Herrington, Learning Systems Institute, Florida State University.

<sup>7</sup> "Origins of Florida's Tax Credit Vouchers—Or, Don't Buy a Pig in a Poke," Sue Legg, Florida League of Women Voters, March 12, 2017.

<sup>8</sup> "Public Schools Outperform Private Schools, Book Says," Holly Yettick, May 13, 2014.

